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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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MAY 8 1996

EX PARTE OR LATE FILED

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
Federal-State Joint Board on) CC Docket No. 96-45
Universal Service)

To: The Federal-State Joint Board

REPLY COMMENTS OF METRICOM, INC.

Metricom, Inc. ("Metricom"), by counsel and pursuant to Section 1.415 of the Commission's rules, hereby submits these Reply Comments in the above-captioned proceeding.^{1/} The record established in this proceeding provides substantial support for the position Metricom advocated in its comments. Accordingly, the Federal-State Joint Board ("Joint Board") should recommend to the Commission that: (1) unlicensed service providers should be exempt from the obligation to contribute to the universal service fund; (2) qualified schools, libraries, and health care providers should have access to advanced telecommunications services regardless of the technology used to provide those services; and (3) only "eligible telecommunications carriers," as defined in Section 214(e) of the Communications Act of 1934, as amended (the "Act"), should be required to provide advanced services to educational and

^{1/} In accordance with Section 1.46(b) of the Commission's rules, reply comments in this proceeding are due May 8, 1996. See In re Federal-State Joint Board on Universal Service, Order, DA 96-702, 1 n.1 (May 6, 1996).

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health care institutions. Each of these proposals is discussed in more detail below.

I. THE JOINT BOARD SHOULD CLARIFY THAT SECTION 254(d) OF THE ACT DOES NOT REQUIRE UNLICENSED SERVICE PROVIDERS TO CONTRIBUTE TO THE UNIVERSAL SERVICE FUND.

The Commission should not require companies that provide unlicensed Part 15 services to contribute to the universal service fund because, as Metricom demonstrated in its comments, the administrative cost of collecting a contribution from such companies would exceed the value of the contribution itself. Congress authorized the Commission to exempt companies from the obligation to make contributions under precisely these circumstances,^{2/} and the record contains no opposition to Metricom's proposal. In fact, the only party to address this issue directly supports exempting unlicensed service providers from the duty to contribute to the universal service fund, albeit for a different reason than the one offered by Metricom.^{3/}

^{2/} See also In re Federal-State Joint Board on Universal Service, Notice of Proposed Rulemaking and Order Establishing Joint Board, FCC 96-93, ¶ 120 (Mar. 8, 1996).

^{3/} See Apple Computer at 7 n.9 ("Unlicensed devices . . . are not directly implicated by universal service policies since they are not a service provided by a telecommunications carrier.").

II. THE COMMISSION'S UNIVERSAL SERVICE POLICIES SHOULD HELP SCHOOLS, LIBRARIES, AND HEALTH CARE PROVIDERS GAIN ACCESS TO ADVANCED TELECOMMUNICATIONS AND INFORMATION SERVICES WITHOUT REGARD TO THE TECHNOLOGY USED TO PROVIDE THOSE SERVICES.

Section 254(h) (2) of the Act directs the Commission to adopt competitively neutral rules that augment the ability of schools, libraries, and health care providers to access advanced telecommunications services. To be competitively neutral, these rules must not favor one technology or type of service over another. Nearly all commenters agree that a qualified educational or health care institution should be permitted to obtain telecommunications service at a discount using the technology and service provider that best serves its needs.^{4/} A necessary corollary to this proposal is that all telecommunications carriers that provide discounted service to such institutions under Section 254(h) should be entitled to receive a corresponding subsidy through the universal service fund. Taken together, these policies will minimize the impact that universal service will have on competition among telecommunications service providers and will fulfill the Commission's obligation under this section of the Act.

^{4/} See, e.g., Alliance for Public Technology at 2-3; American Telemedicine Association at 3; Ameritech at 15; Apple Computer at 4-6; Association of America's Public Television Stations at 10-11; Governor of Guam at 14; Hispanic Information and Telecommunications Network at 4; International Society for Technology in Education at 12-14; Michigan Library Association at 12; NCTA at 17-18; National School Boards Association et al. at 17; NYNEX at 23; Time Warner at 18; Wavephore at 6; West Virginia University Telemedicine Program at 2; U.S. West at 22. But see Iowa Communications Network at 2 (urging the Commission to adopt rules that "discourage wireless technology as a delivery platform").

III. ONLY AN "ELIGIBLE TELECOMMUNICATIONS CARRIER," AS DEFINED IN SECTION 214(e) OF THE ACT, SHOULD BE REQUIRED TO CONNECT ITS NETWORK TO A SCHOOL, LIBRARY, OR HEALTH CARE PROVIDER.

Section 214(e) of the Act authorizes the FCC and the states to require an "eligible telecommunications carrier" to provide service to unserved areas of the country. In light of this provision, Metricom has argued that no circumstances would justify requiring an alternate carrier to connect its network to a school, library, or health care provider. Although no party addressed this proposal directly, the record contains ample support for the proposition that carriers should not be forced to offer advanced telecommunications or information services to educational or health care institutions.^{5/} The Joint Board therefore should recommend against requiring carriers, other than those carriers designated as

^{5/} See, e.g., New York State Education Department at 11 (stating that only those companies electing to provide core services to schools and libraries should be required to provide advanced services); TCI at 19-20 (arguing that the Commission should not compel carriers to provide advanced services to schools and libraries because doing so would impose costs on the carriers that the universal service reimbursement scheme is ill-suited to cover); USTA at 12 (advising against special requirements for interconnection to individual customers).

eligible carriers under Section 214(e), to connect these institutions to their networks.

Respectfully submitted,

METRICOM, INC.

By: 

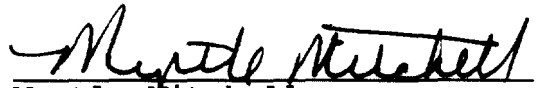
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Dated: May 8, 1996

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply Comments of Metricom, Inc. was served this 8th day of May, 1996, by first class mail, postage prepaid or by hand (*) to each person on the attached service list.


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